

Message Text

CONFIDENTIAL

PAGE 01 STATE 007548

46

ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 TRSE-00 OMB-01 XMB-07

AID-20 AGR-20 OPIC-12 SS-20 NSC-10 COME-00 STR-08

SPC-03 L-03 H-03 CIAE-00 INR-10 NSAE-00 RSC-01 ARA-16

PRS-01 PA-04 USIA-15 /202 R

DRAFTED BY EB/IFD/ODF:MCASSE:CU

APPROVED BY EB/IFD/ODF:REBENEDICK

ARA/LA/BC:DERBE

TREAS:RLARSEN

----- 096650

R 141608Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 007548

E.O. 11652:GDS

TAGS: CI, EFIN

SUBJECT: 1972 CHILE DEBT RESCHEDULING AGREEMENT

REF: STATE 248900

1. WE HAVE RECEIVED REQUESTS FOR CLARIFICATION OF SEVERAL
POINTS IN THE PRESS RELEASE CITED REFTEL. WE ARE TAKING
THIS OPPORTUNITY TO COVER ALL OF THOSE INQUIRIES AND PERHAPS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 007548

OTHERS WITH THIS GENERAL RESPONSE.

2. AMOUNTS. THE APRIL 1972 PARIS CLUB MEMORANDUM OF AGREEMENT CALLED FOR RESCHEDULING OF 70 PERCENT OF PAYMENTS FALLING DUE BETWEEN NOVEMBER 1, 1971 AND DECEMBER 31, 1972 ON CERTAIN DEBTS OF THE CHILEAN GOVERNMENT OR ITS AGENCIES. THE DOLS. 64 MILLION RPT. 64 MILLION CITED IN PARA 2 OF THE PRESS RELEASE IS THE 70 PERCENT OF CREDITS INCLUDED IN THE PARIS CLUB MEMORANDUM. THE DOLS. 60 MILLION RPT. 60 MILLION IN PARA 2 OF THE PRESS RELEASE REFERS TO ALL OTHER AMOUNTS DUE DURING THE CONSOLIDATION PERIOD, BUT UNPAID AS OF DECEMBER 1973. THIS AMOUNT INCLUDES: (A) THE 30 PERCENT OF CREDITS INCLUDED UNDER THE PARIS CLUB MEMORANDUM; (B) PAYMENTS DUE ON LOANS EXCLUDED FROM THE PARIS CLUB MEMORANDUM (E.G., PREVIOUSLY RESCHEDULED DEBT, FORTY YEAR LOANS (AID) AND POST-JANUARY 1971 COMMITMENTS); AND (C) INTEREST ACCRUED THROUGH DECEMBER 31, 1973.

3. REPAYMENTS. REPAYMENT OF THE DOLS. 64 MILLION CONSOLIDATION UNDER THE PARIS CLUB MEMORANDUM WILL BE IN STRICT ADHERENCE TO THE TERMS OF THAT AGREEMENT, I.E., TWO YEARS GRACE FROM JANUARY 1, 1973 AND 13 EQUAL SEMI-ANNUAL PAYMENTS STARTING JANUARY 1, 1975. DUE TO THE EXTREMELY DIFFICULT FINANCIAL POSITION OF THE CHILEAN GOVERNMENT, THE U.S. AGREED TO SPREAD OUT PAYMENTS ON THE DOLS. 60 MILLION WHICH WAS DUE ON SIGNING ACCORDING TO THE PARIS CLUB AGREEMENT. DOLS. 16 MILLION WAS PAID ON DECEMBER 28, 1973, THE REMAINDER WILL BE PAID IN APPROXIMATELY EQUAL QUARTERLY INSTALLMENTS OVER THE NEXT FOUR YEARS.

4. INTEREST RATE. THE PARIS CLUB AGREEMENT PROVIDED FOR BILATERAL NEGOTIATION OF THE CONSOLIDATION INTEREST RATE. IT IS OUR UNDERSTANDING THAT APPROXIMATELY ONE HALF OF THE PARIS CLUB MEMBERS RECEIVED SIX PERCENT INTEREST, WHILE NO MEMBER RECEIVED LESS THAN FIVE PERCENT. GIVEN THE NATURE OF THIS RESCHEDULING, THE U.S. BELIEVES THAT THE SIX PERCENT INTEREST RATE WHICH IT HAS NEGOTIATED IS REASONABLE.

5. PROCEDURE. ON DECEMBER 19 THE USG AND THE GOC INITIALED A MEMORANDUM OF UNDERSTANDING OUTLINING THE TERMS OF THE BILATERAL SETTLEMENT. THIS MEMORANDUM OF UNDERSTANDING CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 007548

WILL BE FORMALIZED IN A FORMAL BILATERAL AGREEMENT TO BE SIGNED BY THE USG AND THE GOC AND IMPLEMENTING AGREEMENTS BETWEEN THE GOC AND THE INDIVIDUAL U.S. LENDING AGENCIES, I.E., EXIMBANK, AID, THE DEPARTMENT OF AGRICULTURE AND OPIC. THIS IS STANDARD USG PROCEDURE IN EXECUTING RESCHEDULING AGREEMENTS.

6. THE NEXT PARIS CLUB MEETING. WE HAVE RECEIVED SEVERAL

INQUIRIES CONCERNING NOTIFICATION AND TIMING OF THE NEXT PARIS CLUB MEETING. WE HAVE BEEN ADVISED INFORMALLY BY FRENCH OFFICIALS OF A LATE FEBRUARY DATE, BUT HAVE NO CONCRETE KNOWLEDGE ON OR ROLE IN THE DISSEMINATION OF THIS INFORMATION. REGARDING THE U.S. POSITION IN THAT MEETING FOR 1973-74 DEBT SERVICE DUE, THAT QUESTION IS UNDER REVIEW IN THE USG AT THIS TIME. RUSH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE007548
Document Source: CORE
Document Unique ID: 00
Drafter: MCASSE:CU
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740143/aaaabony.tel
Line Count: 122
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 248900
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2002 by shawdg>; APPROVED <15 MAY 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1972 CHILE DEBT RESCHEDULING AGREEMENT
TAGS: EFIN, CI, PARIS CLUB
To: BERN MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005